

SENATE BILL 519

Q3

2lr1941
CF 2lr1883

By: **Senator Shank**

Introduced and read first time: February 3, 2012

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Corporate Income Tax – Investments in Maryland**

3 FOR the purpose of altering the Maryland corporate income tax rate for certain
4 corporations that make certain investments in the State; requiring certain
5 corporations to make a certain calculation and submit a certain declaration
6 stating the intent of the corporation to make certain investments; requiring
7 certain corporations to provide evidence of certain qualifying investments for
8 certain tax years; authorizing the Comptroller to collect a certain amount as
9 unpaid tax from certain corporations that do not provide certain evidence;
10 requiring the Comptroller to adopt certain regulations; defining certain terms;
11 providing for the application of this Act; and generally relating to the Maryland
12 corporate income tax rate for certain corporations.

13 BY repealing and reenacting, with amendments,
14 Article – Tax – General
15 Section 10–105(b)
16 Annotated Code of Maryland
17 (2010 Replacement Volume and 2011 Supplement)

18 BY adding to
19 Article – Tax – General
20 Section 10–105.1
21 Annotated Code of Maryland
22 (2010 Replacement Volume and 2011 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
24 MARYLAND, That the Laws of Maryland read as follows:

25 **Article – Tax – General**

26 10–105.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) [The] EXCEPT AS PROVIDED IN § 10–105.1 OF THIS SUBTITLE, THE
2 State income tax rate for a corporation is 8.25% of Maryland taxable income.

3 **10–105.1.**

4 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
5 MEANINGS INDICATED.

6 (2) “MARYLAND INVESTMENT AMOUNT” MEANS THE DIFFERENCE
7 BETWEEN:

8 (I) THE AMOUNT OF INCOME TAX A CORPORATION OWES
9 FOR A TAXABLE YEAR USING THE RATE SPECIFIED UNDER § 10–105(B) OF THIS
10 SUBTITLE; AND

11 (II) THE AMOUNT OF INCOME TAX A CORPORATION OWES
12 FOR A TAXABLE YEAR CALCULATED USING A RATE OF 6%.

13 (3) “QUALIFYING INVESTMENT” MEANS:

14 (I) AN INVESTMENT IN THE STATE;

15 (II) THE PURCHASE OF ANY CAPITAL EQUIPMENT THAT IS
16 PLACED IN SERVICE IN THE STATE;

17 (III) THE PURCHASE OF ANY INFRASTRUCTURE PLACED IN
18 SERVICE IN THE STATE; AND

19 (IV) ANY EXPENSES FOR RESEARCH AND DEVELOPMENT
20 PERFORMED IN THE STATE.

21 (B) SUBJECT TO THE REQUIREMENTS OF THIS SECTION, A
22 CORPORATION MAY SUBSTITUTE A RATE OF 6% FOR THE RATE SPECIFIED IN §
23 10–105(B) OF THIS SUBTITLE.

24 (C) (1) ON A FORM PROVIDED BY THE COMPTROLLER, THE
25 CORPORATION SHALL CALCULATE THE MARYLAND INVESTMENT AMOUNT FOR
26 THE CORPORATION.

27 (2) THE CORPORATION SHALL FILE A DECLARATION WITH THE
28 CORPORATION’S INCOME TAX RETURN STATING THE INTENT OF THE
29 CORPORATION TO MAKE QUALIFYING INVESTMENTS DURING THE NEXT
30 TAXABLE YEAR.

1 **(D) (1) FOR A TAXABLE YEAR FOLLOWING A TAXABLE YEAR THAT A**
2 **CORPORATION PAYS THE CORPORATE INCOME TAX USING THE RATE UNDER**
3 **SUBSECTION (B) OF THIS SECTION, THE CORPORATION SHALL PROVIDE, WITH**
4 **THE CORPORATION'S INCOME TAX RETURN, EVIDENCE OF QUALIFYING**
5 **INVESTMENTS MADE THAT ARE EQUAL TO THE MARYLAND INVESTMENT**
6 **AMOUNT FOR THE CORPORATION.**

7 **(2) IF THE CORPORATION DOES NOT PROVIDE THE EVIDENCE**
8 **REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE COMPTROLLER**
9 **SHALL:**

10 **(I) COLLECT THE MARYLAND INVESTMENT AMOUNT FROM**
11 **THE CORPORATION; AND**

12 **(II) TREAT THE MARYLAND INVESTMENT AMOUNT AS**
13 **UNPAID TAX FOR THE PURPOSE OF INTEREST AND PENALTIES UNDER TITLE 13,**
14 **SUBTITLES 6 AND 7 OF THIS ARTICLE.**

15 **(E) (1) THE COMPTROLLER SHALL ADOPT REGULATIONS TO CARRY**
16 **OUT THE PROVISIONS OF THIS SECTION.**

17 **(2) BY REGULATION, THE COMPTROLLER SHALL SPECIFY THE**
18 **TYPE OF INVESTMENTS THAT ARE QUALIFYING INVESTMENTS.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 July 1, 2012, and shall be applicable to all taxable years beginning after December 31,
21 2011.